



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

[Docket No. N2014-1; Order No. 1932]

Nationwide Change in Postal Delivery Service Standards

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recently-filed Postal Service request for an advisory opinion on an initiative involving examination of the continuation of service at postal retail locations. This document invites public comments on the request and addresses several related procedural steps.

DATES:

1. Notices of intervention are due: January 21, 2014, 4:30 p.m. Eastern Time.
2. Hearing on the Postal Service's direct case: February 11, 2014, at 9:00 a.m. (Commission hearing room, 901 New York Ave., NW 20268-0001, Suite 200).

ADDRESSES: Submit notices of intervention electronically by accessing the "Filing Online" link in the banner at the top of the Commission's Web site (<http://www.prc.gov>) or by directly accessing the Commission's Filing Online

system at <http://www.prc.gov/prc-pages/filing-online/login.aspx>. Persons interested in intervening who cannot submit their views electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section as the source for case-related information for advice on alternatives to electronic filing.

FOR FURTHER INFORMATION CONTACT: Stephen L. Sharfman, General Counsel, at 202-789-6820 (case-related information) or DocketAdmins@prc.gov (electronic filing assistance).

SUPPLEMENTARY INFORMATION:

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I. Introduction

On December 27, 2013, the Postal Service filed a request pursuant to 39 U.S.C. 3661 for an advisory opinion from the Commission regarding potential changes in the manner in which it processes and dispatches Standard Mail that qualifies for a Destination Sectional Center Facility (DSCF) discounted rate.¹

This operational change may result in a nationwide change in the nature of postal services since it would change the delivery day service standards for DSCF

Standard Mail accepted on Fridays and Saturdays. DSCF Standard Mail entered Sunday through Thursday is not expected to change under the proposal. *Id.* at 5.

II. Request

The Postal Service explains that due to the relationship between mail entry patterns for DSCF Standard Mail and the applicable 3-day service standard, the Postal Service currently delivers a disproportionate amount of DSCF Standard Mail on Mondays. *Id.* at 1. The Postal Service's plan, called the "Load Leveling Plan," is to more evenly distribute the volume of DSCF Standard Mail pieces delivered by carriers throughout the week. *Id.* at 1-2. The Load Leveling Plan would adjust operations in a manner that will level the load of the DSCF Standard Mail delivered throughout the week and remove the disproportionate burden associated with Monday Standard Mail delivery. *Id.* at 2.

In support of its Request, the Postal Service filed the direct testimony of two witnesses.² The testimonies describe the details of the Load Leveling Plan, including the basis for the plan, the process through which the plan was developed, and the future implementation of the plan. The testimony of witness Malone (USPS-T-1) describes the Postal Service's consultations with mailers regarding the load leveling issue and its collaboration with mailers in designing

¹ United States Postal Service Request for an Advisory Opinion on Changes in the Nature of Postal Services, December 27, 2013 (Request).

² Direct Testimony of Linda M. Malone on Behalf of the United States Postal Service (USPS-T-1), December 27, 2013; and Direct Testimony of Mark H. Anderson on Behalf of the United States Postal Service (USPS-T-2), December 27, 2013.

and conducting a test of the Load Leveling Plan in the service area of the South Jersey administrative district. Malone's testimony also summarizes the results of the South Jersey Operations Test and the Postal Service's expectations regarding a national roll-out of the Load Leveling Plan. The testimony of witness Anderson (USPS-T-2) offers observations about the effects of the South Jersey Operations Test and also discusses the expected impact that the Load Leveling Plan would have in the South Jersey District.

As part of its request, the Postal Service filed a notice of two Category 2 library references regarding the South Jersey Operations Test.³

Timing. The earliest date that the Postal Service intends to make the changes discussed in this Request is March 27, 2014—90 days after the date of the filing. Request at 2.

Present distribution of DSCF Standard Mail and Proposed Changes. The Postal Service states that of the Standard Mail products, High Density and Saturation Letters, High Density and Saturation Flats/Parcels, Carrier Route, Letters, Flats, and Parcels are eligible for the DSCF rate, provided that the mail meets the standards for such a rate. *Id.* at 3. Currently, DSCF Standard Mail has a 3-day service standard. *Id.* Monday is the expected delivery date for the

³ Notice of United States Postal Service of Filing Library References, December 27, 2013, USPS-LR-N2014-1/1, Standard Operating Procedures: South Jersey District Destination SCF Standard Mail Load Leveling Operations Test; and USPS-LR-N2014-1/2, Results of the South Jersey Destination SCF Standard Mail Load Leveling Operations Test, December 27, 2013.

DSCF Standard Mail entered on Thursday and Friday, which happens to be two of the three heaviest days for acceptance of such mail. *Id.* at 4. DSCF Standard Mail has a significant impact on processing and delivery operations through which it passes. *Id.*

Summary of Load Leveling Plan. The Postal Service's Load Leveling Plan would change the delivery day for DSCF Standard Mail accepted on Fridays and Saturdays. *Id.* DSCF Standard Mail that is accepted before the Critical Entry Time (CET) on Friday is proposed to have a Tuesday delivery expectation, rather than Monday. *Id.* at 5. DSCF Standard Mail accepted before the CET on Saturday is proposed to have a Wednesday delivery expectation, rather than Tuesday. *Id.*

The Postal Service asserts that the South Jersey Operations Test results indicate load leveling will ease the burden currently placed on the network by the convergence of current mail entry patterns and applicable service standards and that the test resulted in additional benefits, including earlier completion of carrier routes, and earlier return of mail collected on carrier routes. *Id.* at 6.

Scope of Leveling Plan. The Postal Service intends to implement the Load Leveling Plan throughout its network. *Id.* at 6. As a result, Standard Mail pieces that qualify for a DSCF rate and are accepted after the CET on Thursday, anytime on Friday, or before the CET on Saturday at the proper DSCF, are proposed to have a 4-day service standard. *Id.* at 6-7. DSCF Standard Mail

pieces that are accepted before the Critical Entry Time on Sunday through Thursday will not be affected by the Load Leveling Plan. The Postal Service contends that no other Standard Mail will be affected. *Id.* at 7.

Conformance with Title 39. The Postal Service contends that for the reasons explained in the Request and illustrated in the testimony, the Load Leveling Plan will allow the Postal Service to increase efficiencies in the collection, processing, and delivery of the mail and to continue to provide adequate and efficient service to DSCF Standard Mail users. *Id.* The Postal Service believes that the Load Leveling Plan helps to fulfill its duty under 39 U.S.C. 403(a) to “plan, develop, promote, and provide adequate and efficient postal services at fair and reasonable rates and fees.” *Id.* It also contends that the Load Leveling Plan falls within the scope of its authority “to provide for the collection, handling, transportation, delivery, forwarding, returning, and holding of mail.” *Id.* at 8.

The Postal Service concludes that the Load Leveling Plan will help to “enhance the value of postal services to both senders and recipients” and “reasonably assure Postal Service customers delivery reliability, speed and frequency consistent with reasonable rates and best business practices,” as articulated in 39 U.S.C. 3691(b)(1)(A) and (C), respectively. *Id.* Last, the Postal Service has determined that it is necessary to take steps to level the load on the network now to help reduce current and future costs. *Id.* at 9.

Rules of Practice. The Postal Service notes there is an ongoing Commission rulemaking proceeding in Docket No. RM2012-4 regarding rules for revisions to the Commission's rules for advisory opinions.⁴ The Postal Service urges the Commission to establish special rules of practice to achieve an effective and efficient schedule for this docket to evaluate the procedures currently under consideration in Docket No. RM2012-4. Request at 9.

III. Further Procedures

Further procedures. 39 U.S.C. 3661(c) requires that the Commission afford an opportunity for a formal, on-the-record hearing of the Postal Service's Request under the terms specified in sections 556 and 557 of title 5 of the United States Code before issuing its advisory opinion. Based on its preliminary review of the Request, the Commission finds it appropriate to expedite the proceeding. To facilitate expeditious review of the matter, the Commission expects parties to make judicious use of discovery, discovery objections, and motions' practice. Every effort should be made to confer to resolve disputes informally.

All interested persons are hereby notified that notices of intervention in this proceeding shall be due on or before January 21, 2014. See 39 CFR 3001.20 and 3001.20a. Consistent with rule 20, each person filing a notice of intervention shall, *inter alia*, specify the nature of his/her interest and whether or

⁴ Docket No RM2014-4, Modern Rules of Procedure for the Issuance of Advisory Opinions in Nature of Service Proceedings, April 10 2012.

not he/she requests a hearing. See 39 CFR 3001.20. Discovery may be propounded upon filing a notice of intervention. Responses to discovery shall be due within 7 days.

The procedural schedule shown below the signature of this Order will be followed in this proceeding assuming that no participant desires to present rebuttal testimony. Participants who wish to present rebuttal testimony must notify the Commission of their intent to file, and the nature of their rebuttal, by February 11, 2014. Rebuttal testimony, if requested, will be due February 18, 2014. The balance of the procedural schedule will be revised accordingly.

Public Representative. Section 3661(c) of title 39 requires the participation of an “officer of the Commission who shall be required to represent the interests of the general public.” Pursuant to 39 U.S.C. 505, Anne J. Siarnacki is designated to serve as the Public Representative to represent the interests of the general public in this proceeding. Neither the Public Representative nor any additional persons assigned to assist the Public Representative shall participate in or advise as to any Commission decision in this proceeding, other than in their designated capacity.

It is ordered:

1. The Commission establishes Docket No. N2014-1 to consider the Postal Service Request referred to in the body of this Order.
2. The Commission will sit *en banc* in this proceeding.

3. The procedural schedule for this proceeding is set forth below the signature of this Order.

4. Pursuant to 39 U.S.C. 505, the Commission appoints Anne J. Siarnacki to represent the interests of the general public in this proceeding.

5. The Secretary shall arrange for publication of this Order in the **Federal Register**.

By the Commission.

Shoshana M. Grove

Secretary

PROCEDURAL SCHEDULE

Notices of intervention	January 21, 2014
Close of discovery on Postal Service direct case	January 30, 2014
Notice of intent to conduct oral cross-examination	February 3, 2014
Hearing on the Postal Service's direct case (if requested) (9:00 AM in the Commission's hearing room)	February 11, 2014
Notice of intent to file rebuttal testimony	February 11, 2014
<i>Rebuttal Testimony (if requested)</i>	<i>February 18, 2014</i>
Filing of Briefs (if no rebuttal testimony)	February 20, 2014
Filing of Reply Briefs (if no rebuttal testimony)	February 27, 2014